GOVERNMENT OF INDIA
INFORMATION AND BROADCASTING
LOK SABHA

UNSTARRED QUESTION NO:2824
ANSWERED ON:01.08.2002
BENEFIT TO FILM INDUSTRY
THAAWAR CHAND GEHLOT

Will the Minister of INFORMATION AND BROADCASTING be pleased to state:

(a) whether the Film Sector has been given the status of an industry;

(b) if so, the names of the film producers taken benefit of the scheme;

(c) the details of eligibility of the individuals or institutions benefited from the said scheme, and criteria laid down rules and policies for registration etc;

(d) the number of the film producing units covered under the said criteria listed or registered so far by the Government;

(e) whether all skilled, semi skilled and unskilled employees of the film producing units are likely to get benefit; and

(f) if so, the details thereof and if not, the reasons therefor?

Answer

THE MINISTER OF INFORMATION AND BROADCASTING (SMT. SUSHMA SWARAJ)

(a) Under the Industrial Development Bank of India Act, 1964 Section 2(c)(xvii)`Entertainment Industry including films` has been included as an `approved activity` under `industrial concern`.

(b) Both IDBI as well as RBI have formulated schemes/guidelines specifically forfinancing of films. The banks and financial institutions implement the schemes. The Ministry does not maintain details such as the names of beneficiaries and particulars of loans etc.

(c) As per RBI guidelines, Public Sector Banks may finance production of films ofproducers with good track record subject to certain conditions. The RBI guidelines state thatordinarily producers are required to bring in at least 25% of the project cost as promoters contribution and also tie up with the distributors and receive advances as per usual practices to cover 35% to 40% of the budget. It has thus been stipulated in the guidelines that bank advances would be for the balance requirement of 35 to 40% of the cost. However, in deserving cases where the Banks are quite comfortable with the project as well as the background of the producers, the financing can be increased upto 50% of the project cost on merits.

Under IDBI`s scheme financial institutions are to initially focus on financing filmproduction activity of corporate entities. While there is no upper limit for sanction, the minimum quantum of assistance would normally be not less than Rs.20 million. The quantum of assistance would not exceed 50% of the budget, the debt − equity ratio would not exceed 1:1 and the promoter`s contribution has to be at least 30 per cent of the estimated budget and can be raised in the form of advances from distributors against sale of territories music/video rights etc. The period of repayment of loan would not exceed two years and loans would be sanctioned against various forms of securities specified in the scheme.

(d): Film producing units are not registered by this Ministry.

(e)&(f): The Cine Workers Welfare Fund Act, 1981, as well as Cine Workers andCinema Theatre Workers (Regulation of Employment) Act 1981 administered by the Ministry of Labour, are applicable to the film sector employees whereby welfare schemes are administered or legal protection against exploitation is given to cine workers who fall within the scope of these Acts.